

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2003

OR

**[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-13400

**NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP**

Maryland
(State or other jurisdiction of
incorporation or organization)

61-1051452
(IRS Employer Identification No.)

10172 Linn Station Road, Louisville, Kentucky 40223
(Address of Principal Executive Offices)

(502) 426-4800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [] No [X]

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Some of the statements included in this Quarterly Report on Form 10-Q, particularly those included in Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may be considered "forward-looking statements" because the statements relate to matters which have not yet occurred. For example, phrases such as "we anticipate," "believe" or "expect" indicate that it is possible that the event anticipated, believed or expected may not occur. If these events do not occur, the result which we expected also may not occur, or may occur in a different manner which may be more or less favorable to us. We do not undertake any obligation to update these forward-looking statements.

Any forward-looking statements included in MD&A, or elsewhere in this report, reflect our general partner's best judgment based on known factors, but involve risks and uncertainties. Actual results could differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including but not limited to those described in our filings with the Securities and Exchange Commission, particularly our Annual Report on Form 10-K for the year ended December 31, 2002. Any forward-looking information provided by us pursuant to the safe harbor established by securities legislation should be evaluated in the context of these factors.

PART I - FINANCIAL INFORMATION**Item 1 - Financial Statements**

**NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2003 (UNAUDITED)	As of December 31, 2002
<u>ASSETS</u>		
Cash and equivalents	\$ 258,907	\$ 235,801
Cash and equivalents - restricted	570,737	74,602
Accounts receivable, net	433,075	332,279
Land, buildings and amenities, net	20,562,424	20,764,422
Other assets	959,568	778,180
TOTAL ASSETS	\$ 22,784,711	\$ 22,185,284
<u>LIABILITIES AND PARTNERS' EQUITY</u>		
Mortgages and notes payable	\$ 13,339,546	\$ 13,517,370
Accounts payable	1,148,507	268,940
Security deposits	212,912	164,707
Other liabilities	624,837	205,071
TOTAL LIABILITIES	15,325,802	14,156,088
MINORITY INTEREST	1,032,213	1,035,110
COMMITMENTS AND CONTINGENCIES (Note 9)		
PARTNERS' EQUITY	6,426,696	6,994,086
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$ 22,784,711	\$ 22,185,284

**NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)**

	Limited Partners	General Partner	Total
<u>PARTNERS' EQUITY/(DEFICIT)</u>			
Capital contributions, net of offering costs	\$ 30,582,037	\$ 100	\$ 30,582,137
Net (loss) income - prior years	(5,798,298)	55,229	(5,743,069)
Net loss - current year	(561,716)	(5,674)	(567,390)
Cash distributions declared to date	(16,641,480)	(168,177)	(16,809,657)
Repurchase of limited partnership interests	(1,035,325)	--	(1,035,325)
BALANCES ON SEPTEMBER 30, 2003	\$ 6,545,218	\$ (118,522)	\$ 6,426,696

The accompanying notes to consolidated financial statements are an integral part of these statements.

**NTS PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<u>REVENUES</u>				
Rental income	\$ 1,232,267	\$ 1,274,980	\$ 3,830,683	\$ 3,788,652
Interest and other income	1,952	4,021	4,778	25,385
Gain on sale of assets	--	280	--	559
TOTAL REVENUES	<u>1,234,219</u>	<u>1,279,281</u>	<u>3,835,461</u>	<u>3,814,596</u>
<u>EXPENSES</u>				
Operating expenses	356,111	386,282	1,062,354	1,073,576
Operating expenses - affiliated	127,541	166,703	421,112	515,830
Loss on disposal of assets	1,430	4,657	1,430	60,029
Interest expense	238,760	260,086	733,053	782,575
Management fees	66,852	71,884	216,111	213,859
Real estate taxes	127,014	182,728	394,668	435,561
Professional and administrative expenses	132,515	57,523	504,975	134,576
Professional and administrative expenses - affiliated	43,145	38,343	139,868	120,250
Depreciation and amortization	308,569	332,852	929,563	1,001,200
TOTAL EXPENSES	<u>1,401,937</u>	<u>1,501,058</u>	<u>4,403,134</u>	<u>4,337,456</u>
Loss before minority interest	(167,718)	(221,777)	(567,673)	(522,860)
Minority interest loss	(4,925)	(25,986)	(283)	(55,337)
Net loss	<u>\$ (162,793)</u>	<u>\$ (195,791)</u>	<u>\$ (567,390)</u>	<u>\$ (467,523)</u>
Net loss allocated to the limited partners	<u>\$ (161,165)</u>	<u>\$ (193,833)</u>	<u>\$ (561,716)</u>	<u>\$ (462,848)</u>
Net loss per limited partnership interest	<u>\$ (5.28)</u>	<u>\$ (6.35)</u>	<u>\$ (18.40)</u>	<u>\$ (15.16)</u>
Weighted average number of limited partnership interests	<u>30,521</u>	<u>30,521</u>	<u>30,521</u>	<u>30,521</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

	Nine Months Ended September 30,	
	2003	2002
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net loss	\$ (567,390)	\$ (467,523)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for doubtful accounts	8,882	21,341
Write-off of uncollectible accounts receivable	(8,753)	(12,225)
Loss on disposal of assets	1,430	60,029
Gain on sale of assets	--	(559)
Depreciation and amortization	1,089,584	1,184,635
Minority interest loss	(283)	(55,337)
Changes in assets and liabilities:		
Cash and equivalents - restricted	(496,135)	(269,968)
Accounts receivable	(100,925)	(105,603)
Other assets	(311,844)	(217,219)
Accounts payable	879,567	(47,807)
Security deposits	48,205	(19,300)
Other liabilities	419,766	475,999
Net cash provided by operating activities	<u>962,104</u>	<u>546,463</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to land, buildings and amenities	(728,996)	(681,995)
Proceeds from sale of land, buildings and amenities	--	559
Minority interest	(2,614)	174,686
Net cash used in investing activities	<u>(731,610)</u>	<u>(506,750)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from mortgages and notes payable	465,714	955,974
Principal payments on mortgages and notes payable	(643,538)	(914,667)
Additions to loan costs	(29,564)	(4,525)
Net cash (used in) provided by financing activities	<u>(207,388)</u>	<u>36,782</u>
Net increase in cash and equivalents	23,106	76,495
CASH AND EQUIVALENTS, beginning of period	<u>235,801</u>	<u>682,448</u>
CASH AND EQUIVALENTS, end of period	<u><u>\$ 258,907</u></u>	<u><u>\$ 758,943</u></u>
Interest paid on a cash basis	<u><u>\$ 693,476</u></u>	<u><u>\$ 743,388</u></u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

The unaudited consolidated financial statements included herein should be read in conjunction with NTS-Properties V's 2002 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on March 31, 2003. In the opinion of our general partner, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation have been made to the accompanying consolidated financial statements for the three and nine months ended September 30, 2003 and 2002. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. As used in this Quarterly Report on Form 10-Q the terms "we," "us" or "our," as the context requires, may refer to NTS-Properties V or its interests in its property and joint ventures.

Note 1 - Consolidation Policy

The consolidated financial statements include the accounts of all wholly-owned properties and majority-owned joint ventures. Intercompany transactions and balances have been eliminated.

Consolidation of Variable Interest Entities

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 ("FIN 46"), Consolidation of Variable Interest Entities. FIN 46 provides guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE are to be included in an entity's consolidated financial statements. A VIE exists when either the total equity investment at risk is not sufficient to permit the entity to finance its activities by itself, or the equity investors lack one of three characteristics associated with owning a controlling financial interest. Those characteristics include the direct or indirect ability to make decisions about an entity's activities through voting rights or similar rights, the obligation to absorb the expected losses of an entity if they occur, and the right to receive the expected residual returns of the entity if they occur.

FIN 46 was effective immediately for new entities created or acquired after February 1, 2003, and will become effective for the period ending December 31, 2003 for entities in which we had a variable interest prior to February 1, 2003. We are presently evaluating the effect of this pronouncement.

Minority Interest

In May 2003, the FASB issued Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150). SFAS 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. SFAS 150 was effective for all financial instruments created or modified after May 31, 2003, and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. On November 7, 2003, FASB Staff Position No. FAS 150-3 was issued, which deferred for an indefinite period the classification and measurement provisions, but not the disclosure provisions of SFAS 150.

We consolidate certain properties that are also owned by affiliated parties that have noncontrolling interests. In certain cases, the applicable joint venture agreement provides for a contractual termination date of the agreement based on certain specified events. SFAS 150 describes this type of arrangement as a “limited-life subsidiary”. SFAS 150 requires the disclosure of the estimated settlement value of these noncontrolling interests. As of September 30, 2003, the estimated settlement value of these noncontrolling interests is approximately \$3,114,000. This settlement value is based on estimated third party consideration paid to the joint venture upon disposition of the property and is net of all other assets and liabilities including any yield maintenance that would have been due on that date had the mortgage encumbering the property been prepaid on September 30, 2003. Due to the inherent risks and uncertainties related to the operations and sale of real estate assets, among other things, the amount of any potential distribution to the noncontrolling interests is likely to change.

Note 2 - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Concentration of Credit Risk

We own and operate or have a joint venture investment in one commercial property - Commonwealth Business Center Phase II, in Louisville, Kentucky and three commercial properties - Lakeshore Business Center Phases I, II and III, in Ft. Lauderdale, Florida. We also have a joint venture investment in an apartment community - The Willows of Plainview Phase II, in Louisville, Kentucky.

Our financial instruments that are exposed to concentrations of credit risk consist of cash and equivalents. We maintain our cash accounts primarily with banks located in Kentucky. Cash balances are insured by the FDIC up to \$100,000 per bank account. We may at times, in certain accounts, have deposits in excess of \$100,000.

Note 4 - Cash and Equivalents

Cash and equivalents include cash on hand and short-term, highly liquid investments with initial maturities of three months or less. We have a cash management program which provides for the overnight investment of excess cash balances. Under an agreement with a bank, excess cash is invested in a repurchase agreement for U.S. government or agency securities each night. As of September 30, 2003, approximately \$41,000 of our overnight investment was included in cash and equivalents.

Note 5 - Cash and Equivalents - Restricted

Cash and equivalents - restricted represents funds received for residential security deposits and funds which have been escrowed with mortgage companies for property taxes in accordance with the loan agreements with said mortgage companies.

Note 6 - Basis of Property and Depreciation

Land, buildings and amenities are stated at historical cost, less accumulated depreciation. Costs directly associated with the acquisition, development and construction of a project are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which are 5-30 years for land improvements, 3-30 years for buildings and improvements, 3-7 years for amenities and the applicable lease term for tenant improvements. The aggregate cost of our properties for federal tax purposes is approximately \$41,271,000.

Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. Application of this standard during the period ended September 30, 2003 did not result in an impairment loss.

Note 7 - Mortgages and Notes Payable

Mortgages and notes payable consist of the following:

	September 30, 2003	December 31, 2002
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 8.125%, due August 1, 2008, secured by land and a building.	\$ 3,356,890	\$ 3,567,113
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 8.125%, due August 1, 2008, secured by land and buildings.	3,120,096	3,315,490
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 7.2%, due January 5, 2013, secured by land, buildings and amenities.	2,364,759	2,494,654
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 7.2%, due January 5, 2013, secured by land, buildings and amenities.	1,412,338	1,489,917
Mortgage payable to a bank on demand with interest payable in monthly installments, at a variable rate based on LIBOR daily rate plus 2.3 %, currently 3.415%, due September 8, 2003, secured by land and a building.	2,285,463	1,844,049
Mortgage payable to a bank on demand with interest payable in monthly installments, at a variable rate based on LIBOR one-month rate plus 2.75%, currently 3.865%, due November 1, 2003, secured by land and a building.	800,000	800,000
Note payable to a bank in monthly installments, bearing interest at the Prime Rate, but not less than 6.00%, repaid in April 2003.	--	5,595
Note payable to a bank in monthly installments, bearing interest at the Prime Rate, but not less than 6.00%, repaid in April 2003.	--	552
	<u>\$ 13,339,546</u>	<u>\$ 13,517,370</u>

Based on the borrowing rates currently available to us for mortgages and notes with similar terms and average maturities, the fair value of long-term debt is approximately \$13,800,000.

On August 1, 2003, we obtained a 90-day extension of the \$800,000 mortgage loan originally due August 1, 2003, extending the maturity date to November 1, 2003. We are currently negotiating a twelve-month renewal of this mortgage loan, however there can be no assurance that we will be successful in obtaining the renewal or that the rates or terms will be acceptable.

On October 1, 2003, we refinanced the \$2,285,463 mortgage loan on Lakeshore Business Center Phase III (which matured on September 8, 2003). The new loan will provide funds for tenant improvements, leasing commissions, closing costs, and interest carry. The new loan is for \$3,150,000 and matures on October 1, 2005. The new loan has a variable interest rate based on the LIBOR daily rate plus 2.5% and is guaranteed by the joint venture partners, NTS-Properties V, NTS-Properties IV, NTS/Fort Lauderdale, Ltd. and ORIG, LLC, as well as NTS Corporation, an affiliate.

Our mortgages may be prepaid but are generally subject to a yield-maintenance premium.

Note 8 - Related Party Transactions

Pursuant to an agreement with us, NTS Development Company, an affiliate of our general partner, receives property management fees on a monthly basis. The fees are paid in an amount equal to 5% of the gross revenues from our apartment community and 6% of the gross revenues from our commercial properties. Also pursuant to an agreement, NTS Development Company receives a repair and maintenance fee equal to 5.9% of costs incurred which relate to capital improvements. These repair and maintenance fees are capitalized as part of land, buildings and amenities.

We were charged the following amounts from NTS Development Company for the nine months ended September 30, 2003 and 2002. These charges include items which have been expensed as operating expenses - affiliated or professional and administrative expenses - affiliated and items which have been capitalized as other assets or as land, buildings and amenities.

	Nine Months Ended September 30,	
	2003	2002
Property management fees	\$ 216,111	\$ 213,859
Property management	285,501	338,476
Leasing	55,590	105,447
Administrative - operating	79,490	71,162
Other	531	745
Total operating expenses - affiliated	421,112	515,830
Professional and administrative expenses - affiliated	139,868	120,250
Repair and maintenance fees	5,132	31,547
Leasing commissions	1,020	77,760
Construction management	--	6,060
Total related party transactions capitalized	6,152	115,367
Total related party transactions	\$ 783,243	\$ 965,306

Note 9 - Commitments and Contingencies

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments. Our compliance with existing laws has not had a material adverse effect on our financial condition or results of operations. However, we cannot predict the impact of new or changed laws or regulations on our current properties or properties that we may acquire in the future.

On March 14, 2003, we reached an agreement with the mortgage lender on the Lakeshore Business Center Phases I and II mortgages to suspend principal payments for twelve months beginning with the payments due May 1, 2003. The principal payments due will continue to be paid and deposited by the lender into an escrow account. We will then be allowed to draw upon the escrowed funds for specific capital improvements listed in the agreement. These improvements include tenant finish costs, heating and air conditioning equipment and roof replacements, which are expected to total approximately \$987,000. The agreement does not change any terms of the existing mortgage loans. However, the suspension of principal payments will result in significant balances remaining due on the loans at maturity in 2008, currently estimated to be approximately \$757,000 and \$814,000, respectively.

On June 1, 2003, we signed an amendment to the agreement reached on March 14, 2003 with the mortgage lender on the Lakeshore Business Center Phases I and II mortgages. The amendment suspended principal payments for twelve months beginning with the payments due June 1, 2003. The May 1, 2003 payments were applied to the principal balances. The amendment does not change any terms of the existing mortgage loans.

On March 14, 2003, we signed a tenant to a lease for approximately 20,000 square feet of Lakeshore Business Center Phase III. The lease agreement calls for us to provide tenant finish costing approximately \$705,000. As of September 30, 2003, approximately \$602,000 of this cost has been incurred.

Litigation

On December 12, 2001, three individuals filed an action in the Superior Court of the State of California for the County of Contra Costa captioned *Buchanan et al. v. NTS-Properties Associates et al.* (Case No. C 01-05090) against our general partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us. The action purports to bring claims on behalf of a class of limited partners based on, among other things, tender offers made by the public partnerships and an affiliate of our general partner. The plaintiffs allege, among other things, that the prices at which limited partnership interests were purchased in these tender offers were too low. The plaintiffs are seeking monetary damages and equitable relief, including an order directing the disposition of the properties owned by the public partnerships and the distribution of the proceeds. No amounts have been accrued as a liability for this action in our consolidated financial statements. Under an indemnification agreement with our general partner, we are responsible for the costs of defending any such action.

On June 20, 2003, our general partner, along with the general partners of four public partnerships affiliated with us, reached an agreement in principle with representatives of the class of plaintiffs to settle the *Buchanan* action. This settlement is subject to, among other things, preparing and executing a settlement agreement to be presented to the court for preliminary and final approval. The proposed settlement would include releases for all of the parties for any of the claims asserted in the *Buchanan* litigation and the *Bohm* litigation described below. As part of the proposed settlement, the general partners have agreed, among other things, to pursue a merger of the partnerships along with other real estate entities affiliated with the general partners into a newly-formed partnership.

On February 27, 2003, two individuals filed a class and derivative action in the Circuit Court of Jefferson County, Kentucky captioned *Bohm et al. v. J.D. Nichols et al.* (Case No. 03-CI-01740) against our general partner and the general partners of three public partnerships affiliated with us and several individuals and entities affiliated with us. On March 21, 2003, the complaint was amended to include the general partner of a public partnership affiliated with us and the general partner of a partnership that was affiliated with us but is no longer in existence. In the amended complaint, the plaintiffs purport to bring claims on behalf of a class of limited partners and derivatively on behalf of us and affiliated public partnerships based on alleged overpayments of fees, prohibited investments, improper failures to make distributions, purchases of limited partnership interests at insufficient prices and other violations of the limited partnership agreements. The plaintiffs are seeking, among other things, compensatory and punitive damages in an unspecified amount, an accounting, the appointment of a receiver or liquidating trustee, the entry of an order of dissolution against the public partnerships, a declaratory judgment, and injunctive relief. No amounts have been accrued as a liability for this action in our financial statements. Our general partner believes that this action is without merit, and is vigorously defending it.

On October 1, 2003, in the *Bohm* litigation the judge granted the defendants' motion to extend a stay that had previously been agreed upon by the parties which expired on September 8, 2003. The stay will remain in effect only if the parties in the *Buchanan* litigation seek preliminary approval of a settlement of that litigation by November 19, 2003 and the final settlement of the *Buchanan* litigation includes releases relating to the *Bohm* litigation. If these two conditions are satisfied, the stay will become permanent when the *Buchanan* settlement is subject to a final, non-appealable order. For the nine months ended September 30, 2003, our share of the legal costs for the *Buchanan* and *Bohm* litigations was approximately \$217,000, which was included in our professional and administrative expenses.

We do not believe there is any other litigation threatened against us other than routine litigation arising out of the ordinary course of business, some of which is expected to be covered by insurance, none of which is expected to have a material effect on our financial position or results of operations, except as discussed herein.

Proposed Merger

On June 20, 2003, our general partner, along with the general partners of four public partnerships affiliated with us, reached an agreement in principle with representatives of the class of plaintiffs to settle the action captioned *Buchanan et al. v. NTS-Properties Associates et al.* (Case No. C 01-05090). The action was originally filed in the Superior Court of the State of California for the County of Contra Costa against the general partners and several affiliated individuals and entities in December 2001. The settlement is subject to, among other things, preparing and executing a settlement agreement to be presented to the court for preliminary and final approval. The proposed settlement would include releases for all of the parties for any of the claims asserted in the *Buchanan* litigation and the class action and derivative litigation filed in the Circuit Court of Jefferson County, Kentucky and captioned *Bohm et al. v. J.D. Nichols et al.* (Case No. 03-CI-01740).

As part of the proposed settlement of the *Buchanan* and *Bohm* litigation, the general partners have agreed to pursue a merger of the partnerships along with other real estate entities affiliated with the general partners into a newly-formed partnership. The general partners would seek to list the limited partnership interests to be issued in the merger on a national securities exchange. The merger will be subject to, among other things, approval by holders of a majority of the limited partner interests in each partnership, final approval of the court in which the *Buchanan* litigation is pending and receipt by the general partners of an opinion regarding the fairness of the merger to the limited partners from a financial point of view. An independent appraiser has been retained to appraise all of the properties owned by the existing partnerships and affiliated entities that would be owned after the merger by the new partnership. The appraisal will be used in establishing exchange values which will determine the number of interests that will be issued to each existing partnership in the merger. The interests in the newly-formed partnership will be subsequently distributed to the limited and general partners in each existing partnership as though each partnership had been liquidated. The general partners have also retained a third party to provide an opinion on the fairness of the merger to limited partners from a financial point of view. For the nine months ended September 30, 2003, our share of the legal and professional fees for the proposed merger was approximately \$87,000.

Note 10 - Segment Reporting

Our two reportable operating segments are - Residential and Commercial Real Estate Operations. The residential operations represent our ownership and operating results relative to an apartment community known as The Willows of Plainview Phase II. The commercial operations represent our ownership and operating results relative to suburban commercial office space known as Commonwealth Business Center Phase II and Lakeshore Business Center Phases I, II and III.

The financial information of the operating segments has been prepared using a management approach, which is consistent with the basis and manner in which our management internally reports financial information for the purposes of assisting in making internal operating decisions. Our management evaluates performance based on stand-alone operating segment net income.

	Three Months Ended September 30, 2003		
	Residential	Commercial	Total
Rental income	\$ 306,070	\$ 926,197	\$ 1,232,267
Interest and other income	496	745	1,241
Total net revenues	<u>\$ 306,566</u>	<u>\$ 926,942</u>	<u>\$ 1,233,508</u>
Operating expenses and operating expenses -affiliated	\$ 124,305	\$ 359,347	\$ 483,652
Loss on disposal of assets	--	1,430	1,430
Interest expense	68,885	164,784	233,669
Management fees	15,003	51,849	66,852
Real estate taxes	9,966	117,048	127,014
Depreciation and amortization	56,966	246,949	303,915
Total expenses	<u>275,125</u>	<u>941,407</u>	<u>1,216,532</u>
Net income (loss)	<u>\$ 31,441</u>	<u>\$ (14,465)</u>	<u>\$ 16,976</u>

	Three Months Ended September 30, 2002		
	Residential	Commercial	Total
Rental income	\$ 318,523	\$ 956,457	\$ 1,274,980
Interest and other income	507	2,829	3,336
Gain on sale of assets	280	--	280
Total net revenues	<u>\$ 319,310</u>	<u>\$ 959,286</u>	<u>\$ 1,278,596</u>
Operating expenses and operating expenses -affiliated	\$ 150,129	\$ 404,956	\$ 555,085
Loss on disposal of assets	--	4,657	4,657
Interest expense	74,013	180,982	254,995
Management fees	16,131	55,753	71,884
Real estate taxes	16,333	166,395	182,728
Depreciation and amortization	57,331	270,867	328,198
Total expenses	<u>313,937</u>	<u>1,083,610</u>	<u>1,397,547</u>
Net income (loss)	<u>\$ 5,373</u>	<u>\$ (124,324)</u>	<u>\$ (118,951)</u>

Nine Months Ended September 30, 2003

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Rental income	\$ 925,962	\$ 2,904,721	\$ 3,830,683
Interest and other income	<u>734</u>	<u>3,189</u>	<u>3,923</u>
Total net revenues	<u>\$ 926,696</u>	<u>\$ 2,907,910</u>	<u>\$ 3,834,606</u>
Operating expenses and operating expenses -affiliated	\$ 372,287	\$ 1,111,179	\$ 1,483,466
Loss on disposal of assets	--	1,430	1,430
Interest expense	210,484	507,297	717,781
Management fees	47,407	168,704	216,111
Real estate taxes	43,524	351,144	394,668
Depreciation and amortization	<u>171,356</u>	<u>744,243</u>	<u>915,599</u>
Total expenses	<u>845,058</u>	<u>2,883,997</u>	<u>3,729,055</u>
Net income	<u>\$ 81,638</u>	<u>\$ 23,913</u>	<u>\$ 105,551</u>

Nine Months Ended September 30, 2002

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Rental income	\$ 901,108	\$ 2,887,544	\$ 3,788,652
Interest and other income	1,430	21,255	22,685
Gain on sale of assets	<u>559</u>	<u>--</u>	<u>559</u>
Total net revenues	<u>\$ 903,097</u>	<u>\$ 2,908,799</u>	<u>\$ 3,811,896</u>
Operating expenses and operating expenses -affiliated	\$ 448,739	\$ 1,142,667	\$ 1,591,406
Loss on disposal of assets	55,372	4,657	60,029
Interest expense	225,756	541,547	767,303
Management fees	46,299	167,560	213,859
Real estate taxes	49,000	386,561	435,561
Depreciation and amortization	<u>168,660</u>	<u>818,576</u>	<u>987,236</u>
Total expenses	<u>993,826</u>	<u>3,061,568</u>	<u>4,055,394</u>
Net loss	<u>\$ (90,729)</u>	<u>\$ (152,769)</u>	<u>\$ (243,498)</u>

A reconciliation of the totals reported for the operating segments to the applicable line items in the consolidated financial statements for the three and nine months ended September 30, 2003 and 2002 is necessary given amounts recorded at the Partnership level and not allocated to the operating properties for internal reporting purposes.

	Three Months Ended September 30,	
	2003	2002
<u>NET REVENUES</u>		
Total revenues for reportable segments	\$ 1,233,508	\$ 1,278,596
Other income for Partnership	711	685
Total consolidated net revenues	<u>\$ 1,234,219</u>	<u>\$ 1,279,281</u>
<u>OPERATING EXPENSES</u>		
Operating expenses for reportable segments	\$ 483,652	\$ 555,085
Operating expenses for Partnership	--	(2,100)
Total operating expenses	<u>\$ 483,652</u>	<u>\$ 552,985</u>
<u>INTEREST EXPENSE</u>		
Interest expense for reportable segments	\$ 233,669	\$ 254,995
Interest expense for Partnership	5,091	5,091
Total interest expense	<u>\$ 238,760</u>	<u>\$ 260,086</u>
<u>DEPRECIATION AND AMORTIZATION</u>		
Total depreciation and amortization for reportable segments	\$ 303,915	\$ 328,198
Depreciation and amortization for Partnership	4,654	4,654
Total depreciation and amortization	<u>\$ 308,569</u>	<u>\$ 332,852</u>
<u>NET LOSS</u>		
Total net income (loss) for reportable segments	\$ 16,976	\$ (118,951)
Net loss for Partnership	(184,694)	(102,826)
Minority interest loss	(4,925)	(25,986)
Total net loss	<u>\$ (162,793)</u>	<u>\$ (195,791)</u>

	Nine Months Ended September 30,	
	2003	2002
<u>NET REVENUES</u>		
Total revenues for reportable segments	\$ 3,834,606	\$ 3,811,896
Other income for Partnership	855	2,700
Total consolidated net revenues	<u>\$ 3,835,461</u>	<u>\$ 3,814,596</u>
<u>OPERATING EXPENSES</u>		
Operating expenses for reportable segments	\$ 1,483,466	\$ 1,591,406
Operating expenses for Partnership	--	(2,000)
Total operating expenses	<u>\$ 1,483,466</u>	<u>\$ 1,589,406</u>
<u>INTEREST EXPENSE</u>		
Interest expense for reportable segments	\$ 717,781	\$ 767,303
Interest expense for Partnership	15,272	15,272
Total interest expense	<u>\$ 733,053</u>	<u>\$ 782,575</u>
<u>DEPRECIATION AND AMORTIZATION</u>		
Total depreciation and amortization for reportable segments	\$ 915,599	\$ 987,236
Depreciation and amortization for Partnership	13,964	13,964
Total depreciation and amortization	<u>\$ 929,563</u>	<u>\$ 1,001,200</u>
<u>NET LOSS</u>		
Total net income (loss) for reportable segments	\$ 105,551	\$ (243,498)
Net loss for Partnership	(673,224)	(279,362)
Minority interest loss	(283)	(55,337)
Total net loss	<u>\$ (567,390)</u>	<u>\$ (467,523)</u>

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements in Item 1 and the cautionary statements below.

Critical Accounting Policies

The accompanying consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States. Application of these accounting principles requires us to make estimates about the future resolution of existing uncertainties; as a result, actual results could differ from these estimates. In preparing these financial statements, we have made our best estimates and judgements of the amounts and disclosures included in the financial statements, giving due regard to materiality.

Impairment

We review properties for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value may not be recoverable. These circumstances include, but are not limited to, declines in cash flows, occupancy and comparable sales per square foot at the property. We would be required to recognize an impairment when a property's estimated undiscounted cash flow is less than the carrying value of the property. To the extent an impairment has occurred, we charge to income the excess of the carrying value of the property over its estimated fair value. We may decide to sell properties that are held for use. The sales prices of these properties may differ from their carrying values.

Results of Operations

The following tables include our selected summarized operating data for the three and nine months ended September 30, 2003 and 2002. This data should be read in conjunction with our financial statements, including the notes thereto, in Part I, Item 1 of this report.

	Three Months Ended September 30, 2003			
	Residential	Commercial	Partnership	Total
Net revenues	\$ 306,566	\$ 926,942	\$ 711	\$ 1,234,219
Operating expenses and operating expenses - affiliated	124,305	359,347	--	483,652
Interest expense	68,885	164,784	5,091	238,760
Depreciation and amortization	56,966	246,949	4,654	308,569
Net income (loss)	31,441	(14,465)	(179,769)	(162,793)

Three Months Ended September 30, 2002				
	Residential	Commercial	Partnership	Total
Net revenues	\$ 319,310	\$ 959,286	\$ 685	\$ 1,279,281
Operating expenses and operating expenses - affiliated	150,129	404,956	(2,100)	552,985
Interest expense	74,013	180,982	5,091	260,086
Depreciation and amortization	57,331	270,867	4,654	332,852
Net income (loss)	5,373	(124,324)	(76,840)	(195,791)

Nine Months Ended September 30, 2003				
	Residential	Commercial	Partnership	Total
Net revenues	\$ 926,696	\$ 2,907,910	\$ 855	\$ 3,835,461
Operating expenses and operating expenses - affiliated	372,287	1,111,179	--	1,483,466
Interest expense	210,484	507,297	15,272	733,053
Depreciation and amortization	171,356	744,243	13,964	929,563
Net income (loss)	81,638	23,913	(672,941)	(567,390)

Nine Months Ended September 30, 2002				
	Residential	Commercial	Partnership	Total
Net revenues	\$ 903,097	\$ 2,908,799	\$ 2,700	\$ 3,814,596
Operating expenses and operating expenses - affiliated	448,739	1,142,667	(2,000)	1,589,406
Interest expense	225,756	541,547	15,272	782,575
Depreciation and amortization	168,660	818,576	13,964	1,001,200
Net loss	(90,729)	(152,769)	(224,025)	(467,523)

During our most recent operating period net revenues for the commercial segment have decreased slightly due to lower average occupancy at Lakeshore Business Center Phases I and II and Commonwealth Business Center Phase I. Net revenues for the residential segment have increased slightly year to date due to higher average occupancy. Operating expenses and operating expenses - affiliated have decreased primarily as a result of personnel changes for both the residential and commercial segments. Interest expense and depreciation expense have decreased due to lower debt balances and assets becoming fully depreciated, respectively. Our partnership net losses have been negatively impacted by the expenses related to our ongoing litigation.

Rental and other income generated by our properties and joint ventures for the three and nine months ended September 30, 2003 and 2002 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<u>Wholly-Owned Properties</u>				
Commonwealth Business Center Phase II	\$ 122,288	\$ 129,770	\$ 367,317	\$ 413,487
<u>Joint Venture Properties</u>				
<u>(Ownership % at September 30, 2003)</u>				
The Willows of Plainview II (90.30%)	\$ 306,566	\$ 319,310	\$ 926,696	\$ 903,097
Lakeshore Business Center Phase I (81.19%)	\$ 358,459	\$ 400,292	\$ 1,154,871	\$ 1,210,294
Lakeshore Business Center Phase II (81.19%)	\$ 332,246	\$ 355,482	\$ 1,112,707	\$ 1,068,140
Lakeshore Business Center Phase III (81.19%)	\$ 113,949	\$ 73,742	\$ 273,015	\$ 216,878

The occupancy levels at our properties and joint ventures as of September 30, 2003 and 2002 were as follows:

	2003	2002
<u>Wholly-Owned Property</u>		
Commonwealth Business Center Phase II	67%	76%
<u>Joint Venture Properties</u>		
<u>(Ownership % on September 30, 2003)</u>		
The Willows of Plainview Phase II (90.30%)	83%	93%
Lakeshore Business Center Phase I (81.19%)	72%	80%
Lakeshore Business Center Phase II (81.19%)	78%	85%
Lakeshore Business Center Phase III (81.19%)	89%	37%

The average occupancy levels at our properties and joint ventures for the three and nine months ended September 30, 2003 and 2002 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<u>Wholly-Owned Properties</u>				
Commonwealth Business Center Phase II	68%	77%	68%	79%
<u>Joint Venture Properties</u>				
<u>(Ownership % at September 30, 2003)</u>				
The Willows of Plainview Phase II (90.30%)	87%	90%	85%	83%
Lakeshore Business Center Phase I (81.19%)	71%	80%	70%	82%
Lakeshore Business Center Phase II (81.19%)	81%	85%	81%	85%
Lakeshore Business Center Phase III (81.19%)	72%	37%	49%	36%

We are making efforts to increase the occupancy levels at our properties. At Commonwealth Business Center Phase II, the leasing and renewal negotiations are conducted by leasing agents, who are employees of NTS Development Company, located in Louisville, Kentucky. The leasing

agents are located in the same city as the property. All advertising is coordinated by NTS Development Company's marketing staff located in Louisville, Kentucky. The leasing and renewal negotiations at Lakeshore Business Center Phases I, II and III are managed by an off-site leasing agent. At The Willows of Plainview Phase II, we have an on-site leasing staff, who are employees of NTS Development Company. The staff facilitates all on-site visits from potential tenants, makes visits to local companies to promote fully furnished apartments, negotiates lease renewals with current residents and coordinates all local advertising with NTS Development Company's marketing staff.

The following discussion relating to changes in our results of operations includes only those line items within our Statements of Operations for which there was a material change between the three and nine months ending September 30, 2002 and 2003.

Rental Income

Rental income decreased approximately \$43,000, or 3%, for the three months ended September 30, 2003, as compared to the same period in 2002, primarily as a result of decreased average occupancy at The Willows of Plainview Phase II, Commonwealth Business Center Phase II and Lakeshore Business Center Phases I and II. The decrease is partially offset by increased average occupancy at Lakeshore Business Center Phase III.

Quarter-ending occupancy percentages represent occupancy only on a specific date; therefore, the above analysis considers average occupancy percentages, which are more representative of the entire year-to-date results.

Interest and Other Income

Interest and other income decreased approximately \$2,000, or 52%, and \$21,000, or 81%, for the three and nine months ended September 30, 2003, respectively, as compared to the same periods in 2002, primarily as the result of decreased miscellaneous income at Lakeshore Business Center Phases I and II.

Operating Expenses

Operating expenses decreased approximately \$30,000, or 8%, for the three months ended September 30, 2003, as compared to the same period in 2002, primarily due to a decrease in repairs and maintenance at The Willows of Plainview Phase II and Lakeshore Business Center Phase I. The decrease is also due to decreased professional services and continued amortization of prepaid leasing commissions at Commonwealth Business Center Phase II and decreased administrative expenses at Lakeshore Business Center Phases I, II and III. The decrease is partially offset by an increase in insurance expense at The Willows of Plainview Phase II, Commonwealth Business Center Phase II and Lakeshore Business Center Phases I, II and III.

Operating Expenses – Affiliated

Operating expenses – affiliated decreased approximately \$39,000, or 24%, and \$95,000, or 18%, for the three and nine months ended September 30, 2003, respectively, as compared to the same periods in 2002, primarily as a result of decreased personnel costs. Operating expenses – affiliated are expenses for services performed by employees of NTS Development Company, an affiliate of our general partner. These employee services include property management, leasing, maintenance, security and other services necessary to manage and operate our business.

Loss on Disposal of Assets

The loss on disposal of asset for 2003 can be attributed to the retirement of assets at Lakeshore Business Center Phase I. The retirements are primarily the result of tenant improvements. The loss on disposal of assets for 2002 can be attributed to the retirement of assets at The Willows of Plainview Phase II and Lakeshore Business Center Phase I. The retirements are primarily the result of clubhouse renovations and tenant improvements. The loss represents the cost to retire assets, which were not fully depreciated at the time of replacement.

Real Estate Taxes

Real estate taxes decreased approximately \$56,000, or 31%, for the three months ended September 30, 2003, as compared to the same period in 2002, primarily as a result of a decreased assessment.

Professional and Administrative Expenses

Professional and administrative expenses increased approximately \$75,000 and \$370,000, for the three and nine months ended September 30, 2003, respectively, as compared to the same periods in 2002. The increase is primarily due to an increase in legal and professional fees related to our proposed merger and litigation filed by limited partners. See the following discussion under the caption “Proposed Merger,” and Part II, Item 1 of this Form 10-Q.

Professional and Administrative Expenses - Affiliated

Professional and administrative expenses - affiliated increased approximately \$5,000, or 13%, and \$20,000, or 16%, for the three and nine months ended September 30, 2003, respectively, as compared to the same periods in 2002. The increase is due to increased salary costs. Professional and administrative expenses - affiliated are expenses incurred for services performed by employees of NTS Development Company, an affiliate of our general partner. The employee services include legal, financial and other services necessary to manage and operate our business.

Depreciation and Amortization

Depreciation and amortization decreased approximately \$24,000, or 7%, and \$72,000, or 7%, for the three and nine months ended September 30, 2003, respectively, as compared to the same periods in 2002, as a result of assets becoming fully depreciated.

Liquidity and Capital Resources

The following table sets forth the cash provided by or used in operating activities, investing activities and financing activities for the nine months ended September 30, 2003 and 2002.

Cash flows provided by (used in):

	Nine Months Ended September 30,	
	2003	2002
Operating activities	\$ 962,104	\$ 546,463
Investing activities	(731,610)	(506,750)
Financing activities	(207,388)	36,782
Net increase in cash and equivalents	\$ <u>23,106</u>	\$ <u>76,495</u>

Cash Flows

Net cash provided by operating activities increased approximately \$416,000, or 76%, for the nine months ended September 30, 2003, as compared to the same period in 2002. This was primarily a result of the change in accounts payable which was partially offset by reduced earnings from operations before noncash items.

Net cash used in investing activities increased approximately \$225,000, or 44%, for the nine months ended September 30, 2003 as compared to the same period in 2002. The increase is primarily the result of decreased investment in consolidated joint ventures by minority partners and increased capital expenditures.

Net cash used in financing activities increased approximately \$244,000 for the nine months ended September 30, 2003, as compared to the same period in 2002, primarily as the result of refinancing the existing loans at Lakeshore Business Center Phases I and II and decreased funds drawn on the Lakeshore Business Center Phase III loan.

Due to the fact that no distributions were paid during the nine months ended September 30, 2003 or 2002, the table which presents that portion of the distributions that represents a return of capital in accordance with accounting principles generally accepted in the United States has been omitted.

Future Liquidity

We believe the current occupancy levels are adequate to fund the operations of our properties. However, our future liquidity depends significantly on our properties' occupancy remaining at a level which provides for debt payments and adequate working capital, currently and in the future. If occupancy were to fall below that level and remain at or below that level for a significant period of time, our ability to make payments due under our debt agreements and to continue paying daily operational costs would be greatly impaired. In addition, we may be required to obtain financing in connection with the capital improvements and leasing costs described below.

In the next 12 months, we expect the demand on future liquidity to increase as a result of replacing the roofs at Lakeshore Business Center Phase I and of future leasing activity at Commonwealth Business Center Phase II and Lakeshore Business Center Phases I, II and III.

On March 14, 2003, we reached an agreement with the mortgage lender on the Lakeshore Business Center Phases I and II mortgages to suspend principal payments for twelve months beginning with the payments due May 1, 2003. The principal payments due will continue to be paid and deposited by the lender into an escrow account. We will then be allowed to draw upon the escrowed funds for specific capital improvements listed in the agreement. These improvements include tenant finish costs, heating and air conditioning equipment and roof replacements, which are expected to total approximately \$987,000. The agreement does not change any terms of the existing mortgage loans. However, the suspension of principal payments will result in significant balances remaining due on the loans at maturity in 2008, currently estimated to be approximately \$757,000 and \$814,000, respectively.

On June 1, 2003, we signed an amendment to the agreement reached on March 14, 2003 with the mortgage lender on the Lakeshore Business Center Phases I and II mortgages. The amendment suspended principal payments for twelve months beginning with the payments due June 1, 2003. The May 1, 2003 payments were applied to the principal balances. The amendment does not change any terms of the existing mortgage loans.

On March 14, 2003, we signed a tenant to a lease for approximately 20,000 square feet of Lakeshore Business Center Phase III. The lease agreement calls for us to provide tenant finish costing approximately \$705,000. As of September 30, 2003, approximately \$602,000 of this cost was incurred.

On October 1, 2003, we refinanced the \$2,285,463 mortgage loan on Lakeshore Business Center Phase III (which matured on September 8, 2003). The new loan will provide funds for tenant improvements, leasing commissions, closing costs, and interest carry. The new loan is for \$3,150,000 and matures on October 1, 2005. The new loan has a variable interest rate based on the LIBOR daily rate plus 2.5% and is guaranteed by the joint venture partners, NTS-Properties V, NTS-Properties IV, NTS/Fort Lauderdale, Ltd. and ORIG, LLC, as well as NTS Corporation, an affiliate.

Currently, our plans for renovations and other major capital expenditures include tenant improvements at our commercial properties as required by lease negotiations at these properties. Changes to current tenant finish improvements are a typical part of any lease negotiation. Improvements generally include a revision to the current floor plan to accommodate a tenant's needs, new carpeting and paint and/or wallcovering. The extent and cost of the improvements are determined by the size of the space being leased and whether the improvements are for a new tenant or incurred because of a lease renewal.

We anticipate using cash provided by operations and cash reserves to fund a portion of the capital improvements and leasing costs described above. However, we believe that funding these expenses may also require existing financing or additional financing secured by our properties and there is no assurance that this financing will be available.

We have no other material commitments for renovations or capital improvements as of September 30, 2003.

Ownership of Joint Ventures

On June 25, 2002, NTS-Properties Plus Ltd. merged with ORIG, LLC ("ORIG"), an affiliate of our general partner. ORIG is the surviving entity as a result of this merger. We continue to hold a 81.19% interest in the L/U II Joint Venture after the completion of the NTS-Properties Plus Ltd./ORIG Merger. ORIG now holds a 7.69% interest in the L/U II Joint Venture.

Proposed Merger

On June 20, 2003, our general partner, along with the general partners of four public partnerships affiliated with us, reached an agreement in principle with representatives of the class of plaintiffs to settle the action captioned *Buchanan et al. v. NTS-Properties Associates et al.* (Case No. C 01-05090). The action was originally filed in the Superior Court of the State of California for the County of Contra Costa against the general partners and several affiliated individuals and entities in December 2001. The settlement is subject to, among other things, preparing and executing a settlement agreement to be presented to the court for preliminary and final approval. The proposed settlement would include releases for all of the parties for any of the claims asserted in the *Buchanan* litigation and the class action and derivative litigation filed in the Circuit Court of Jefferson County, Kentucky and captioned *Bohm et al. v. J.D. Nichols et al.* (Case No. 03-CI-01740).

As part of the proposed settlement, the general partners have agreed to pursue a merger of the partnerships along with other real estate entities affiliated with the general partners into a newly-formed partnership. The general partners would seek to list the limited partnership interests to be issued in the merger on a national securities exchange. The merger will be subject to, among other things, approval by holders of a majority of the limited partner interests in each partnership, final approval of the court in which the *Buchanan* litigation is pending and receipt by the general

partners of an opinion regarding the fairness of the merger to the limited partners from a financial point of view. An independent appraiser has been retained to appraise all of the properties owned by the existing partnerships and affiliated entities that would be owned after the merger by the new partnership. The appraisal will be used in establishing exchange values which will determine the number of interests that will be issued to each existing partnership in the merger. The interests in the newly-formed partnership will be subsequently distributed to the limited and general partners in each existing partnership as though each partnership had been liquidated. The general partners have also retained a third party to provide an opinion on the fairness of the merger to limited partners from a financial point of view. For the nine months ended September 30, 2003, our share of the legal and professional fees for the proposed merger was approximately \$87,000.

Website Information

Our website address is www.ntsdevelopment.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act are available and may be accessed free of charge through the “About NTS” section of our website as soon as reasonably practicable after we electronically file this material with, or furnish it to, the SEC. Our website and the information contained therein or connected thereto are not incorporated into this Quarterly Report on Form 10-Q.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure with regard to financial instruments stems from changes in interest rates. All of our debt bears interest at a fixed rate with the exception of the \$2,285,463 mortgage payable on Lakeshore Business Center Phase III and the \$800,000 mortgage payable on Commonwealth Business Center Phase II. On September 30, 2003, a hypothetical 100 basis point increase in interest rates would result in an approximate \$282,000 decrease in the fair value of the debt and would increase interest expense on the variable rate mortgages by approximately \$31,000 annually.

Item 4 - Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of NTS Capital Corporation, the general partner of our general partner, have concluded, based on their evaluation as of September 30, 2003, that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934. There have been no significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the previously mentioned evaluation.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

On October 1, 2003, in the litigation against our general partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us captioned *Bohm et al. v. J.D. Nichols et al.* (Case No. 03-CI-01740) that is pending in the Circuit Court of Jefferson County, Kentucky, the judge granted the defendants' motion to extend a stay that had previously been agreed upon by the parties which expired on September 8, 2003. The stay will remain in effect only if the parties in the litigation captioned *Buchanan et al. v. NTS-Properties Associates et al.* (Case No. C 01-05090), filed against our general partner, the general partners of four public partnerships affiliated with us and several individuals and entities affiliated with us that is pending in the Superior Court of the State of California, seek preliminary approval of a settlement of that litigation by November 19, 2003 and the final settlement of the *Buchanan* litigation includes releases relating to the *Bohm* litigation. If these two conditions are satisfied, the stay will become permanent when the *Buchanan* settlement is subject to a final, non-appealable order.

Items 2 through 5 are omitted because these items are inapplicable or the answers to the items are negative.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

- (3) Amended and Restated Agreement and Certificate of Limited Partnership of NTS-Properties V, a Maryland Limited Partnership. *
- (3a) First Amendment to Amended and Restated Agreement of Limited Partnership of NTS-Properties V, a Maryland Limited Partnership. **
- (31.1) Certification of Chief Executive Officer Pursuant to SEC Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ***
- (31.2) Certification of Chief Financial Officer Pursuant to SEC Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ***
- (32.1) Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***
- (32.2) Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***

(a) Reports on Form 8-K

None.

- * *Incorporated by reference to documents filed with the Securities and Exchange Commission in connection with the filing of the Registration Statements on Form S-11 on May 1, 1984 (effective August 1, 1984) under Commission File No. 2-90818.*
- ** *Incorporated by reference to Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1987 under Commission File No. 0-13400.*
- *** *Attached as an exhibit to this Quarterly Report on Form 10-Q.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NTS-PROPERTIES V,
A MARYLAND LIMITED PARTNERSHIP

BY: NTS-Properties Associates V,
General Partner,
BY: NTS Capital Corporation,
General Partner

/s/ Brian F. Lavin

Brian F. Lavin
President of NTS Capital Corporation

/s/ Gregory A. Wells

Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation

Date: November 14, 2003

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Document</u>
3	Amended and Restated Agreement and Certificate of Limited Partnership of NTS-Properties V, a Maryland Limited Partnership. *
3a	First Amendment to Amended and Restated Agreement of Limited Partnership of NTS-Properties V, a Maryland Limited Partnership. **
31.1	Certification of Chief Executive Officer Pursuant to SEC Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ***
31.2	Certification of Chief Financial Officer Pursuant to SEC Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ***
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***

* *Incorporated by reference to documents filed with the Securities and Exchange Commission in connection with the filing of the Registration Statements on Form S-11 on May 1, 1984 (effective August 1, 1984) under Commission File No. 2-90818.*

** *Incorporated by reference to Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1987 under Commission File No. 0-13400.*

*** *Attached as an exhibit to this Quarterly Report on Form 10-Q.*

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brian F. Lavin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NTS-Properties V, a Maryland Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ Brian F. Lavin

President of NTS Capital Corporation,
General Partner of NTS-Properties Associates V,
General Partner of NTS-Properties V, a Maryland Limited Partnership

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory A. Wells, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NTS-Properties V, a Maryland Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates V,
General Partner of NTS-Properties V, a Maryland Limited Partnership

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

I, Brian F. Lavin, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

To the best of my knowledge and belief, the quarterly report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2003, by NTS-Properties V, a Maryland Limited Partnership (the "Periodic Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of NTS-Properties V, a Maryland Limited Partnership.

A signed original of this written statement required by Section 906 has been provided to NTS-Properties V, a Maryland Limited Partnership and will be retained by NTS-Properties V, a Maryland Limited Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Brian F. Lavin

President of NTS Capital Corporation,
General Partner of NTS-Properties Associates V,
General Partner of NTS-Properties V, a Maryland Limited Partnership

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

I, Gregory A. Wells, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

To the best of my knowledge and belief, the quarterly report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2003, by NTS-Properties V, a Maryland Limited Partnership (the "Periodic Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of NTS-Properties V, a Maryland Limited Partnership.

A signed original of this written statement required by Section 906 has been provided to NTS-Properties V, a Maryland Limited Partnership and will be retained by NTS-Properties V, a Maryland Limited Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Gregory A. Wells

Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates V,
General Partner of NTS-Properties V, a Maryland Limited Partnership